

1959 a Year of Watching, Waiting, Babson Says

1. Not too good and not too bad. Both the boom and the recent recession will be awaiting developments following the recent November elections.

2. 1959 will be a "do nothing" year for Congress. Both parties will hold their cards close to their chests until 1960, when the Republicans will want good business. Most Democrats will vote for most of the inflationary legislation; but only a few of these Congressmen will vote for such legislation over the President's veto. The Democrats will be in a dilemma. In their hearts they will not want good business in 1960, but they must be very careful not to do anything which could be held against them in 1960.

Every act of Rockefeller's and of other leading Presidential candidates of both parties will be carefully scrutinized to analyze their vote-getting possibilities for 1960. We will comment on these possibilities in our Forecast for 1960 a year from now.

3. SO LONG as Russia is fearful of China's loyalty, she will not intentionally start a shooting war. I hope that Chiang Kai-shek will come to his senses so that China will become an ally of the United States. Marshall surely bet on the "wrong horse" when he made his report to Truman.

4. Our national budget will show a heavy deficit in 1959. This and other factors should cause a continued gradual, although not dangerous, inflation.

5. Serious competition will continue at all levels in 1959. Manufacturers, merchants, and others who reduce advertising and other selling appropriations will surely suffer.

6. DESPITE competition, the profits squeeze will be strenuous for many concerns by increased cost-cutting programs and improving business.

7. More foreign goods will enter the United States during 1959. This especially applies to German, Italian, Japanese, and Russian goods.

8. New cargo ships, built in Japan, England, Germany, Norway, Sweden, and Italy, will be launched in 1959. This should result in most American-built and American-registered ships operating at a loss. More subsidies will be demanded.

9. Failures may not increase during 1959. Some big corporation, now listed in the Dow-Jones Averages, may get in financial difficulties.

10. FEDERAL cost-of-living figures will be disputed in 1959. Labor rates and wages which have been tied to the Federal Tables will be disputed by both Labor and Management.

11. On the basis of the above statements, I forecast, on the average, no wide change in 1959 for commodity prices. The recent recession is not over. Russia is still fighting us with an economic war.

12. There will be more strikes and labor troubles in

BACKGROUND OF ROGER W. BABSON

American business has no more inspiring personality than Roger W. Babson internationally-known business commentator and investment advisor. An outstanding feature of his philosophy has been his lifelong insistence on the importance of both religion and advertising in business.

Born and reared in an old-fashioned atmosphere of hard work and hustle on a farm in Gloucester, Mr. Babson went to the Massachusetts Institute of Technology. Upon graduating, he turned instinctively to financial and business activities in which his father was engaged.

His exertions, however, undermined his health; he contracted tuberculosis and he was sent West "as good as dead!" It was while he was convalescing from this dread malady that he worked out some of the possibilities and problems of business forecasting. His weekly releases are used by over 400 newspapers and his financial reports by 20,000 corporations and estates. His research work is carried on by a large staff of experts.

Mr. Babson founded Babson Institute for Men; and, in co-operation with the late Mrs. Babson, developed Webber College for Women—both nationally-known educational institutions. Here young men and women may concentrate on the fundamentals of honest and efficient business administration. Later, he founded a Midwest Institute of Business Administration, located in Eureka, Kansas, the center of the United States. He has been active also in the establishment of other mediums of service to the public, such as the Gravity Research Foundation, located at New Boston, New Hampshire.

Mr. Babson has probably done more than any other man to create among his millions of newspaper readers an interest in simple business problems, and to instill a broader vision in businessmen, enabling them to meet the ups and downs of the business cycle.



ROGER W. BABSON

1959 than in 1958. Due to fear of unfavorable labor legislation and poor business conditions, labor leaders were on their good behavior in 1958.

13. It is now difficult to forecast the unemployment situation for 1959. Owing to the increase of automation, working forces will continue to be cut. Looking ahead to the elections of 1960, manufacturers, who are mostly Republicans, will want no more serious unemployment to occur.

14. MANY PLANS for expansion of plants were postponed during 1958 for fear of a real depression. Some of these plans will be executed in 1959, although on a more moderate scale.

There will be a need for continued economic readjustment in 1959; but the playing of politics by both parties may temporarily postpone it.

15. 1959 will not see any marked change in money rates. However, borrowers who have not established good credit will continue to find it difficult to get new funds in 1959.

16. This means that it should be more difficult, on average, to sell long-term bonds in 1959 than in 1958. But only non-callable serial bonds or bonds of reasonably short maturities.

17. The supply of non-taxable state, municipal, and revenue bonds will increase during 1959. This will be due both to less readily available credit and to rising needs of municipalities.

18. The "fly-in-the-ointment" will be the uncertainty of the Federal policy regarding the new \$30,000,000,000 roadbuilding program. Will it compete with or protect toll roads recently built? I believe this program will not harm outstanding Turnpike Bonds.

19. MANY INVESTORS will switch from stocks into bonds in 1959, thus obtaining both higher income and better security.

20. As inflation becomes more serious, only short-term bond issues—other than convertible bonds—should be held to maturity. Bonds should no longer be considered good "permanent" investments unless they are non-taxable or convertible on a reasonable basis.

21. The best investment policy during 1959 will continue to be well-diversified portfolio of stocks, short-term bonds, and cash. Every conservative investor will keep one-third of his portfolio liquid, to have funds available in case of a sudden very severe drop in the stock market. This will come some day.

22. As the 1958 Congress has not accomplished more in correcting abuses in the Teamsters Union, the 1959 Congress will do little to improve the labor situation. Therefore, invest in companies which will not be subject to strikes. Banks will not be subject to strikes. Banks and utilities probably are the most nearly immune.

23. THE TAFT-HARTLEY Act will not be amended, nor will labor's exemption from anti-monopoly laws be removed, until after the 1960 election. Labor leaders will get more and more power until—with Russia's help—they bring on a real depression.

24. Due to unemployment and the difficulty of borrowing funds for installing automation (automatic factories), the machinery of industry will continue quiet during 1959.

25. I see no probability that either wages or retail prices will be "fixed" during 1959 unless Russia threatens World War III.

26. Most wage earners will be more efficient during 1959, which should enable some managements to increase their productivity and profits.

27. Executives will attend more strictly to business during 1959, reducing time spent on luncheon, clubs, golf, etc.

28. GOOD BUILDING land on the proper side of growing cities will continue to increase in price notwithstanding a decline in suburban building. Small farmers holding such land should not now sell.

29. Small farmers without any suburban possibilities may well consider selling to adjoining farmers if offered a fair price in 1959.

30. Large commercial farms with latest machinery should prosper during 1959; but small farmers may not do so well.

31. Pending a serious war, there will be no radical change in the Government's farm policy during 1959.

32. With less fear of serious war, the real estate situation in the larger cities may improve; but municipal taxes will increase.

33. SOME SUBURBAN houses now owned by well-paid executives will come on the market in 1959, due to loss of positions or moves to other sections of the country.

34. Real estate mortgage money will be tighter in 1959 than in 1958. Furthermore, due to inflation, it will be worth less when due.

35. The demand for motels is largely satisfied; but there will be an increasing demand for very modern apartment houses, especially of the co-operative type. Old houses of all kinds will depreciate during 1959.

36. Woodland will continue to be in demand during 1959. This especially applies now to pine, which is used for the best lumber, and to spruce, which is used for pulp. Hold woodland in 1959.

37. More Russian imports of pulpwood may be expected in 1959; but this should largely be offset by the increased do-

mestic demand for cartons and packages for shipping and displaying merchandise.

38. BOTH TIMBER and oil reserves of Canada will gradually increase in value. I am bullish on many Canadian and African investments.

39. The greatest factor in determining the price of city land and business in general is the automobile and availability of parking space. This is responsible for both the boom in suburban real estate and the decline of city property. Buying city real estate without nearby parking facilities is a great mistake.

40. I was wrong in my forecast a year ago as to the Dow-Jones Averages. Although many stocks sell lower today than a year ago, the Dow-Jones Averages—especially the Industrials—sell higher. However, I will again run the risk and forecast that they will sell lower sometime in 1959 than they do today.

41. My forecast of the bond market for 1958 was correct. I am inclined now to reverse that forecast in the case of long-term non-convertible corporate bonds, — that is, they should sell for less sometime in 1959 than they are selling for today.

42. I continue to forecast that high-grade, cumulative, non-callable first preferred stocks will sell higher sometime during 1959 than they do today.

43. I REPEAT WHAT I said last year regarding "cheap" stocks: "The large fortunes made in the stock market have come from buying non-dividend-paying common stocks at \$5 a share or under. These will be the first to reach a buying level." If you are to buy these low-priced common stocks, you should seek companies without too much prior debt of cumulative preferred stock outstanding. They are the best common stocks for "capital gains."

44. Convertible bonds should hold up fairly well during 1959.

46. There will be many failures in hastily organized electronics, nuclear, and similar companies during 1959.

47. WITH TWO OR three exceptions, railroad stocks should be avoided during 1959 and until a definite long-range program of government aid is assured.

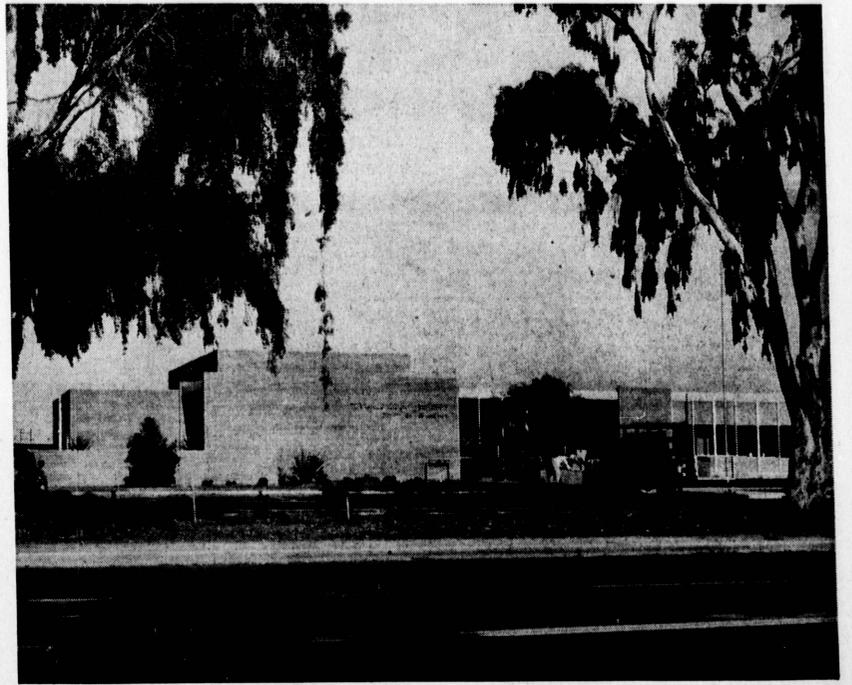
48. For steady income and fair marketability, well-established utility stocks should be the best for conservative investors not looking for profit. This especially applies to cumulative first preferred non-callable utility stocks.

49. The three handicaps to American business are the fear of inflation, the fear of union labor leaders, and the fear of President Eisenhower's physical collapse.

50. The three hopes for America are our churches, our schools, and a desire to "pay as you go!" For these to function properly we must depend upon the parents of our nation.

EVA BLANCHE EVANS
Funeral services for Eva Blanche Evans, 46, of 1446 W. 220th St., who died Saturday, were conducted by Chaplain John Penner at Halverson-Leavell Mortuary Chapel at 2 p.m. Wednesday. Interment took place at Green Hills Memorial Park.

A resident of Torrance for the past 14 years, she was born in Oklahoma. Survivors include: her husband, Ralph Evans of Norwalk; her mother, Quita Lackey of Torrance; her father, Jesse Lackey of Tulsa, Okla.; and a brother, Joseph Lackey of Tulsa, Okla.



NEW TORRANCE COURT . . . Constructed on the civic center during the past year, the new Torrance Municipal Court building will be put into service in about one month.

The new building will include the latest facilities for handling daily court traffic with a minimum of inconvenience to the citizens and officials of the court. (Herald Photo)

'With Him' To Be Topic Of Sermon

"With Him" will be the topic of a sermon to be delivered by Dr. R. Murray Jones, minister of the First Presbyterian Church of Gardena, 1957 Redondo Beach Blvd., at services to be conducted at 11 a.m. Sunday.

Because of the New Year holiday, the January meeting of the United Presbyterian Women has been changed from the first Thursday of the month to the second Thursday. The meeting date of the Alpha Circle has been permanently changed from the second Thursday to the third Thursday.

Dr. Barnum Announces Sermon Topic

Dr. Earl D. Barnum, minister of the Redondo-Torrance Church of Religious Science, announces his subject for Sunday at the 11:00 a.m. service to be: "Religious Science, What It Is—To You."

This is the first in a series of Sunday lectures presented every year in January by Dr. Barnum. The two-fold purpose of the New Year lectures is to introduce the basic concepts of religious science to the newcomer and to offer a review and renewal of thought practice to those who have had previous study in religious science.

SERMON THEME
"The Problem of Trouble" will be the sermon topic of Pastor Marvin A. Rygh Sunday morning at the regular services of the Lutheran Church of the Resurrection, 330 Palos Verdes Blvd. It will be Holy Communion Sunday, Pastor Rygh said.

North Torrance Foursquares to Receive Charter

Culminating 18 months of pioneer work begun here by Rev. Rollan Morgan in June, 1957, the North Torrance Foursquare Church will receive its charter at services to be held in the sanctuary at 18098 Prairie Ave., Sunday at 11 a.m. Dr. Clarence Hall, dean of the L.I.F.E. Bible College, will deliver the sermon and present the charter to the church.

Citing a membership of 36 adults and a Sunday School enrollment of 68 students, Rev. Morgan stated this week that the rapid growth experienced by the congregation in so short a time is outstanding in the Foursquares organization.

A Sunday School annex recently completed by the church offers facilities for 100 students. Plans are under way for a second Sunday School annex to be constructed in the near future.

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TORRANCE

To Visit Bank

Members of the 223rd St. School sixth grade class taught by Don Heath are scheduled to make a tour of the Torrance branch of the Bank of America Thursday, Jan. 15, as part of a social studies lesson.

Accompanying them will be children from other grades who are planning to open a new school savings account.

During the course of the tour, to be conducted by Manager Harold Frenz, the youngsters will enter the vault to see the safe deposit boxes and will be taken behind the counters to see how the bank business is carried on.

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10:45 A.M.—Duplicate Worship Service and Sunday School for High School through Adults
6:15 P.M.—Pastor's Class
7:30 P.M.—Fellowship Groups for all ages
7:30 P.M.—Evangelistic Hour—Youth Choir—Chorus—Testimony Time
Pastor Preaching All Services
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First BAPTIST CHURCH
3118 CARSON STREET
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Torrance Herald

Established Jan. 1, 1914
Publication office and plant at 1413 Grenshaw Ave., Torrance, Calif.
Published Semi-Weekly, Thursday and Sunday. Entered as second class matter January 30, 1914, at Post Office, Torrance, California, under act of March 3, 1879.

Adjusted a legal Newspaper by Superior Court, Los Angeles County, Adj. Decree No. 218470, March 20, 1927.

SUBSCRIPTION RATES: By carrier, 45c a month. Mail subscriptions \$7.50 a year. Circulation office, FA 8-3000.



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